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C O N F I D E N T I A L SECTION 01 OF 02 BEIRUT 001287

SIPDIS

DEPT FOR NEA/FO, NEA/ELA
ALSO FOR IO ACTING A/S HOOK, PDAS WARLICK
P FOR HMUSTAPHA AND RRANGASWAMY
USUN FOR KHALILZAD/WOLFF/SCHEDLBAUER
NSC FOR ABRAMS/YERGER/MCDERMOTT/RAMCHAND
DOD/OSD FOR A/S LONG

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SUBJECT: LEBANON: A PRAGMATIC CHATAH CONCERNED ABOUT MARCH
14 MESSAGING, UNSCR 1701

REF: BEIRUT 1149

Classified By: Ambassador Michele J. Sison for reasons 1.4
(b) and (d).

SUMMARY

1. (C) Minister of Finance Mohamad Chatah expressed concern to visiting NEA DAS David Hale that there were only eight months until the 2009 parliamentary elections and March 14 was still having trouble developing its message. He suggested March 14's message needed to include a broad, comprehensive strategy that shows a way forward, even if it fails. Chatah called the National Dialogue process essential to neutralize Hizballah and its weapons. On UNSCR 1701, Chatah did not believe a convincing argument could be made for full implementation as long as Israel continues its threats against Lebanon.

2. (C) A friend of Palestinian Authority Prime Minister Salaam Fayyad, Chatah said Fayyad is very pessimistic about the outcomes of the Middle East Peace Process for this year. Additionally, Chatah informed DAS Hale that he had not wanted the finance ministry portfolio but, after interviewing other candidates, realized he was the best person for the job. End summary.

MARCH 14 NEEDS A COMPREHENSIVE MESSAGE

3. (C) NEA DAS David Hale, accompanied by the Ambassador and Poloff, met with Minister of Finance Mohamad Chatah and his wife at their new home in downtown Beirut on August 31. Chatah, a member of Saad Hariri's Future Movement and March 14 coalition, was concerned that March 14 had not solidified its electoral message. Chatah said that during the eight months remaining before the 2009 parliamentary elections, March 14 should develop a broad, comprehensive message clearly showing how to protect Lebanon and how voters have a choice between candidates who support peace or war. He strategized this would put Hizballah and its financial backer, Iran, on the defensive. The message, if developed well, Chatah believed, would provide a roadmap for the electorate and could strengthen state institutions, particularly the Lebanese Armed Forces (LAF). Chatah said he

sincerelyQjQRYQ+Juch of Chatah's strategic thinking for March 14. However, he countered Chatah's assessment that the U.S., the European Union, and the U.N. were only committed to Lebanon on an intellectual level. DAS Hale said that since the signing of the Doha agreement, the U.S. is actively searching for intelligent ways to encourage moderate forces in Lebanon without smothering them.

NATIONAL DIALOGUE
MUST NEUTRALIZE HIZBALLAH

15. (C) In Chatah's opinion, the National Dialogue process is key to neutralizing Hizballah and its weapons. He explained that Hizballah has become more powerful since the 2006 war with Israel; and as long as Hizballah maintains its arsenal, the chances for war grow exponentially every year. The National Defense Strategy, which Chatah said he would prefer to call the "Protection of Lebanon Strategy," should also include discussion of how to resolve Sheba'a Farms, regional security agreements, and implementation of UNSCR 1701 (reftel).

16. (C) Chatah also expressed concern that none of his fellow cabinet ministers had blamed Hizballah directly for the shooting at an LAF helicopter on August 28 and the killing of

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an LAF officer. Chatah viewed the lack of specificity in an emergency cabinet meeting following the incident as a worrying sign of the government's failure to assert itself.

UNSCR 1701...NECESSARY,
BUT A HARD SELL

17. (C) DAS Hale relayed to Chatah that the unimpeded flow of weapons to Hizballah across the Syrian border is of great concern to Israel and the U.S. Based on observations from a recent visit to Israel, DAS Hale said Israeli Defense Forces would view full implementation of UNSCR 1701 as a sign of serious and credible action by Lebanon. Chatah explained that, although he agreed in principle with the goals of 1701, he said making progress on the arms smuggling issue would be "a hard argument to sell" as long as Israel continued to make threats against Lebanon, including holding the Lebanese state accountable for Hizballah's actions. The way to make progress on 1701, Chatah believed, would be to raise it in the context of a broader strategy, perhaps during the National Dialogue. DAS Hale suggested that some type of deliverable regarding 1701 should be arranged between Lebanese and U.S. officials for President Sleiman's September visit to Washington.

PESSIMISM ABOUT THE
MIDDLE EAST PEACE PROCESS

18. (C) Chatah informed DAS Hale that he spoke with his friend, Palestinian Prime Minister Salaam Fayyad, recently, about progress on the Middle East Peace Process. Fayyad reportedly told Chatah he was pessimistic about achieving any real outcomes this year. DAS Hale assured Chatah progress is being made in the MEPP negotiations, despite the lack of public statements out of respect for the confidentiality agreement the parties agreed to. DAS Hale said that at some point it will be important for the Palestinian and Israeli sides to convince the public of their progress and to consult with other countries who have an interest in final status issues.

CHATAH HAD NOT WANTED FINANCE MINISTER JOB;
COULD FIND NO OTHER CANDIDATES

19. (C) Chatah told DAS Hale that during the cabinet

formation, he initially had not wanted the finance ministry portfolio. Chatah had considered and interviewed several candidates, including eventual Minister of Education Bahiya Hariri and Minister of Culture Tamam Salaam (independents both allied with March 14), and Kataeb candidates, among others. None, he said, had the technical skills and political "heft" the job required, so he took the job himself. Chatah has a Ph.D. in Economics from the University of Texas, Austin. He spent many years at the IMF and as a governor of the Lebanese Central Bank and was Lebanon's Ambassador to the U.S. 1997-99. Chatah said he is working to define what his immediate goals should be. One challenge, he said, will be the 2009 budget.

10.(U) DAS Hale has cleared this message.

SISON